

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

March 15, 2002

IN RE:

PETITION OF PROGRESS TELECOM CORPORATION  
TO TRANSFER CERTIFICATION FROM CARONET, INC  
TO PROGRESS TELECOM CORPORATION

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)  
) DOCKET NO.  
) 02-00116  
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ORDER APPROVING TRANSFER OF AUTHORITY

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This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on February 26, 2002 for consideration of the *Petition* (the "*Petition*") of Progress Telecom Corporation ("Progress") and Caronet, Inc. ("Caronet"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services.

**Requirement of and Standards for Authority Approval**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant

factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

### **The Petition**

According to the *Petition*, which was filed on February 5, 2002, Caronet was granted authority to provide telecommunications services as a competing local exchange carrier in Tennessee. Caronet, then operating under the name of Interpath Communications, Inc., received this authority by Order dated March 12, 1999 in Docket No. 98-00851. Caronet is wholly owned by Carolina Power and Light Company ("CP&L").

The *Petition* further states that Progress is a competing local exchange carrier and is an indirect, wholly-owned subsidiary of Florida Progress Corporation. On November 30, 2000, Florida Progress Corporation merged with CP&L. The new, merged entity is Progress Energy, Inc. As a consequence of the merger between Florida Progress Corporation and CP&L, the operations of Progress are to be combined with the operations of Caronet.

According to the *Petition*, following the combination of the operations of Caronet with those of Progress and the resulting transfer of authority, the same individuals who are now operating Caronet will be operating Progress. Therefore, Progress will have the same managerial and technical expertise that Caronet has now. In addition, Progress has the same financial support as Caronet, namely Progress Energy, Inc. The *Petition* also states that at this time Caronet has no customers in Tennessee, and the proposed transfer will therefore have no impact on customers in Tennessee.

### **Findings**

The Directors of the Authority considered this matter at the February 26, 2002 Authority Conference. Based upon careful consideration of the *Petition*, the Authority finds and concludes as follows:

1. The Authority has jurisdiction over the subject matter of this *Petition* pursuant to Tenn. Code Ann. § 65-4-113;

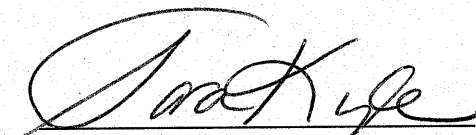
2. Caronet, Inc. has been granted authority to provide telecommunications services in Tennessee;

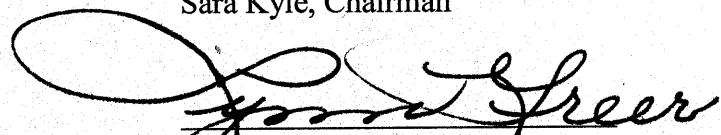
3. A merger has taken place between Carolina Power and Light Company, the parent company of Caronet, Inc., and Florida Progress Corporation, the parent of Progress Telecom Corporation, resulting in a transfer of the authority granted Caronet, Inc. to provide utility services; and

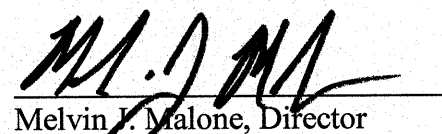
4. Approval of the transfer of authority is not against the public interest and is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

**IT IS THEREFORE ORDERED THAT:**

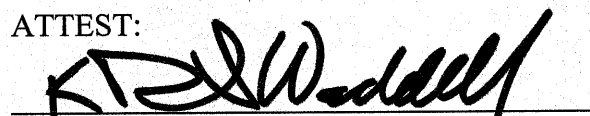
The *Petition* of Progress Telecom Corporation and Caronet, Inc. for approval of the transfer of authority described herein is approved.

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director

ATTEST:

  
K. David Waddell, Executive Secretary